

QUARTERLY REPORT

LICENSEE: ACE GAMING, LLC

FOR THE QUARTER ENDED JUNE 30, 2004

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

BALANCE SHEETS

AS OF JUNE 30, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

Amended

11/5/04

AMENDED

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 17,784	\$ 17,554
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2004, \$4,565; 2003, \$8,833).....	5,449	4,663
4	Inventories.....	2,169	2,031
5	Prepaid Expenses and Other Current Assets..... Note 6.....	3,634	4,621 *
6	Total Current Assets.....	29,036	28,869
7	Investments, Advances, and Receivables..... Note 8.....	11,082	10,601
8	Property and Equipment - Gross..... Note 7.....	215,615	202,160
9	Less: Accumulated Depreciation and Amortization..... Note 7.....	(47,136)	(32,687)
10	Property and Equipment - Net..... Note 7.....	168,479	169,473
11	Other Assets.....	1,433	2,192 *
12	Total Assets.....	\$ 210,030	\$ 211,135
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 6,902	\$ 5,925 *
14	Notes Payable.....	-	- *
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other.....	-	-
17	Income Taxes Payable and Accrued..... Note 2.....	(97)	-
18	Other Accrued Expenses..... Note 9.....	13,361	13,734 *
19	Other Current Liabilities..... Note 10.....	2,271	2,318 *
20	Total Current Liabilities.....	22,437	21,977
	Long-Term Debt:		
21	Due to Affiliates..... Notes 5, 11.....	136,000	119,500 *
22	Other.....	-	-
23	Deferred Credits.....	-	-
24	Other Liabilities.....	3,882	3,586
25	Commitments and Contingencies		
26	Total Liabilities.....	162,319	145,063
27	Stockholders', Partners', Or Proprietor's Equity.....	47,711	66,072
28	Total Liabilities and Equity.....	\$ 210,030	\$ 211,135

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

CCC-205

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....	\$ 94,561	\$ 93,286
2	Rooms.....	5,062	5,415
3	Food and Beverage.....	10,785	10,175
4	Other.....	1,952	1,963
5	Total Revenue.....	112,360	110,839
6	Less: Promotional Allowances.....	25,574	25,008
7	Net Revenue.....	86,786	85,831
	Costs and Expenses:		
8	Cost of Goods and Services.....	58,491	60,217
9	Selling, General, and Administrative.....	17,287	16,170
10	Provision for Doubtful Accounts.....	347	688
11	Total Costs and Expenses.....	76,125	77,075
12	Gross Operating Profit.....	10,661	8,756
13	Depreciation and Amortization.....	7,503	7,103
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) From Operations.....	3,158	1,653
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	(5,951)	(5,839)
18	Interest (Expense) - External.....	(106)	(119)
19	Investment Alternative Tax and Related Income (Expense) - Net....	(587)	(575)
20	Nonoperating Income (Expense) - Net..... Note 12.....	(1,649)	180
21	Total Other Income (Expenses).....	(8,293)	(6,353)
22	Income (Loss) Before Income Taxes And Extraordinary Items.....	(5,135)	(4,700)
23	Provision (Credit) for Income Taxes..... Note 2.....	513	343
24	Income (Loss) Before Extraordinary Items.....	(5,648)	(5,043)
25	Extraordinary Items (Net of Income Taxes - 2004, \$ - ; 2003, \$ -).....	-	-
26	Net Income (Loss).....	\$ (5,648)	\$ (5,043)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....	\$ 50,061	\$ 49,647
2	Rooms.....	2,777	2,956
3	Food and Beverage.....	5,797	5,511
4	Other.....	1,022	1,080
5	Total Revenue.....	59,657	59,194
6	Less: Promotional Allowances.....	14,320	13,164
7	Net Revenue.....	45,337	46,030
	Costs And Expenses:		
8	Cost of Goods and Services.....	29,764	30,655
9	Selling, General, and Administrative.....	9,585	8,595
10	Provision for Doubtful Accounts.....	201	357
11	Total Costs and Expenses.....	39,550	39,607
12	Gross Operating Profit.....	5,787	6,423
13	Depreciation and Amortization.....	3,798	3,657
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) From Operations.....	1,989	2,766
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....	(2,954)	(2,905)
18	Interest (Expense) - External.....	(52)	(58)
19	Investment Alternative Tax and Related Income (Expense) - Net...	(219)	(289)
20	Nonoperating Income (Expense) - Net..... Note 12.....	(1,010)	91
21	Total Other Income (Expenses).....	(4,235)	(3,161)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(2,246)	(395)
23	Provision (Credit) for Income Taxes..... Note 2.....	259	184
24	Income (Loss) Before Extraordinary Items.....	(2,505)	(579)
25	Extraordinary Items (Net of Income Taxes - 2003, \$ - ; 2002, \$ -).....	-	-
26	Net Income (Loss).....	\$ (2,505)	\$ (579)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND THE SIX MONTHS ENDED JUNE 30, 2004

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2002	100	\$ -		\$	89,659	\$	\$ (18,544)	\$ 71,115
2	Net Income (Loss) -							(17,756)	(17,756)
3	Contribution to Paid-in-Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6	_____								
7	_____								
8	_____								
9	_____								
10	Balance, December 31, 2003.....	100	\$ -		\$	89,659		(36,300)	53,359
11	Net Income (Loss) - 2004.....							(5,648)	(5,648)
12	Contribution to Paid-in - Capital.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15	_____								
16	_____								
17	_____								
18	_____								
19	Balance, June 30, 2004.....	100	\$ -		\$	89,659	\$	\$ (41,948)	\$ 47,711

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 3,803	\$ 3,392
2	CASH FLOWS FROM INVESTING ACTIVITIES:		
	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(6,190)	(6,576)
5	Proceeds from Disposition of Property and Equipment.....	31	2
6	Purchase of Casino Reinvestment Obligations.....	(872)	(1,098)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
	Proceeds from Disposal of Investments and Collection		
8	of Advances and Long-Term Receivables.....	9	-
9	Cash Outflows to Acquire Business Entities (net of cash acquired).	-	-
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(7,022)	(7,672)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	- *
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	5,500	3,000 *
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	(1,400)	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	4,100	3,000
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	881	(1,280)
25	Cash And Cash Equivalents At Beginning Of Period.....	16,903	18,834
26	Cash And Cash Equivalents At End Of Period.....	\$ 17,784	\$ 17,554

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 6,050	\$ 5,959
28	Income Taxes.....	\$ 603	\$ 376

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ (5,648)	\$ (5,043)
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment....	7,122	6,724
31	Amortization of Other Assets.....	381	379
32	Amortization of Debt Discount or Premium.....	-	-
33	Deferred Income Taxes - Current.....		
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	(31)	3
36	(Gain) Loss on Casino Reinvestment Obligations.....	587	575
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(141)	338
39	Net (Increase) Decrease in Inventories.....	53	(180)
40	Net (Increase) Decrease in Other Current Assets.....	1,073	358
41	Net (Increase) Decrease in Other Assets.....	-	(9)
42	Net Increase (Decrease) in Accounts Payable.....	87	87
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	151	(24)
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	169	184
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 3,803	\$ 3,392

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ 6,190	\$ 6,576
49	Less: Capital Lease Obligations Incurred.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 6,190	\$ 6,576
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows To Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	\$ -	\$ -
58	Less: Issuances to Settle Long-Term Debt.....	-	-
59	Consideration in Acquisition of Business Entities.....	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

**SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES**

(\$ IN THOUSANDS)

FOR THE SIX MONTHS ENDED JUNE 30, 2004

Amended

11/5/04

AMENDED

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	150,108	\$ 3,580		\$
2	Food	266,710	3,615		
3	Beverage	1,087,910	2,507		
4	Travel			1,047	428
5	Bus Program Cash	352,468	6,330		
6	Other Cash Complimentaries	136,076	9,000		
7	Entertainment	6,994	380		
8	Retail & Non-Cash Gifts			325,668	2,353
9	Parking			95,842	288
10	Other	20,319	162		
11	Total	2,020,585	\$ 25,574	422,557	\$ 3,069

FOR THE THREE MONTHS ENDED JUNE 30, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	76,429	\$ 1,945		\$
2	Food	138,644	1,928		
3	Beverage	551,495	1,291		
4	Travel			653	198
5	Bus Program Cash	183,968	3,315		
6	Other Cash Complimentaries	73,304	5,634		
7	Entertainment	3,200	142		
8	Retail & Non-Cash Gifts			201,459	1,572
9	Parking			45,875	138
10	Other	8,162	65		
11	Total	1,035,202	\$ 14,320	247,987	\$ 1,908

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(1) Organization, Business and Basis of Presentation

The consolidated financial statements include the accounts of Greate Bay Hotel and Casino and subsidiaries ("The Sands" or the "Company") prior to the transfer of its assets and liabilities to Atlantic Coast Entertainment Holdings, Inc. ("Atlantic Holdings") and then to ACE Gaming, LLC ("ACE") and its merger into GB Holdings, Inc. ("Holdings") (See footnote 5 – Subsequent Events). All significant intercompany transactions and balances have been eliminated in consolidation. In management's opinion, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the consolidated financial position as of June 30, 2004 and the consolidated results of operations for the three and six months ended June 30, 2004 and 2003 have been made.

The consolidated financial statements were prepared following the requirements of the Casino Control Commission (CCC) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America can be condensed or omitted.

(2) Income Taxes

Federal and State income tax benefits or provisions are based upon the results of operations for the current period and the estimated adjustments for income tax purposes of certain nondeductible expenses.

Due to recurring losses, the Company has not recorded a Federal or State income tax benefit for the three and six months ended June 30, 2004. Management is unable to determine that realization of the Company's deferred tax assets are more likely than not, and, thus has provided a valuation allowance for the entire amount. The State income tax provision of \$259,000 and \$513,000 for the three and six months ended June 30, 2004, respectively, is comprised of applying the statutory alternative minimum assessment rate of 0.4% to gross receipts, as defined in the Business Tax Reform Act (\$171,000 and \$338,000, respectively) plus two quarterly installment payments of the Casino Income Tax (\$88,000 and \$175,000, respectively).

(3) Transactions with Related Parties

The Company's rights to the trade name "Sands" (the "Trade Name") were derived from a license agreement with an unaffiliated third party. Amounts payable by the Company for these rights were equal to the amounts paid to the unaffiliated third party. The rights were assigned to the Company by High River Limited Partnership ("High River"), which obtained the rights under a certain agreement with the owner of the Trade Name to use the Trade Name as of September 29, 2000 through May 19, 2086 subject to termination rights for a fee after a certain minimum term. High River is an entity controlled by Carl C. Icahn (the Company's chairman and majority shareholder). High River received no payments for its assignment of these rights. Payment is made directly to the owner of the Trade Name. Such charges amounted to \$119,000 and \$130,000, respectively, for the six months ended June 30, 2004 and 2003 and \$66,000 and \$71,000, respectively, for the three months ended June 30, 2004 and 2003.

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) (Unaudited)

The Stratosphere Casino Hotel & Tower (the "Stratosphere"), an entity controlled by Carl C. Icahn, allocates a portion of certain executive salaries, including Richard P. Brown (the Company's chief executive officer), as well as charges for tax preparation to the Company. Charges incurred from the Stratosphere for the six months ended June 30, 2004 and 2003 were \$215,000 and \$108,000, respectively, and \$109,000 and \$42,000, respectively, for the three months ended June 30, 2004 and 2003.

On February 28, 2003, the Company entered into a two year agreement with XO New Jersey, Inc. a long-distance phone carrier controlled by Carl C. Icahn. The agreement can be extended beyond the minimum two year term on a month-to-month basis. Charges incurred for the six months ended June 30, 2004 were \$81,000 and \$26,000, respectively. Such charges amounted to \$40,000 and \$26,000, respectively, for the three months ended June 30, 2004 and 2003.

(4) Legal Proceedings

Tax appeals on behalf of the Company and the City of Atlantic City challenging the amount of the Company's real property assessments for tax years 1996 through 2003 are pending before the NJ Tax Court.

By letter dated January 23, 2004, Sheffield Enterprises, Inc. asserted potential claims against The Sands under the Lanham Act for permitting a show entitled The Main Event, to run at The Sands during 2001. Sheffield also asserts certain copyright infringement claims growing out of the Main Event performances. It has not yet been determined whether or not the claims made by Sheffield would, if adversely determined, materially impact the financial position or results of operations of the Company.

The Company is a party in various legal proceedings with respect to the conduct of casino and hotel operations and has been receiving employee related claims. Although a possible range of losses cannot be estimated, in the opinion of management, based upon the advice of counsel, the Company does not expect settlement or resolution of these proceedings or claims to have a material adverse impact upon their consolidated financial position or results of operations, but the outcome of litigation and the resolution of claims is subject to uncertainties and no assurances can be given. The consolidated financial statements do not include any adjustments that might result from these uncertainties.

(5) Subsequent Event

On July 22, 2004, Atlantic Holdings, a subsidiary of Greate Bay Hotel and Casino, Inc. ("GBHC") consummated the Consent Solicitation and Offer to Exchange which it commenced and in which Atlantic Holdings offered to exchange its 3% Notes due 2008 for 11% Notes due 2005, issued by GB Property Funding Corp. ("Funding"). Pursuant to the Consent Solicitation and Offer to Exchange, an aggregate principal amount of \$66,258,970 of 11% Notes, representing 60.2% of the outstanding 11% Notes, were tendered to Atlantic Holdings, on a dollar for dollar basis, in exchange for an aggregate principal amount of \$66,258,970 of 3% Notes. At the election of the holders of a majority in principal amount of the outstanding 3% Notes, each \$1,000 principal amount of 3% Notes is payable in or convertible into 65.909 shares of common stock, par value \$.01 per share ("Atlantic Holdings Common Stock") of Atlantic Holdings, subject to adjustments for stock dividends, stock splits, recapitalizations and the like. Holders of the 11% Notes that tendered in the Consent Solicitation and Offer to Exchange also received their pro

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) (Unaudited)

rata share of the aggregate consent fees (\$6.6 million) at the rate of \$100 per \$1000 principal amount of the 11% Notes tendered, plus accrued interest (\$2.3 million) on the 11% Notes tendered, which amounts were paid at the consummation of the transaction. As indicated in the Consent Solicitation and Offer to Exchange, an aggregate of 10,000,000 warrants were distributed on a pro rata basis to the shareholders of Holdings upon the consummation of the transaction. Such warrants allow the holders to purchase, at an exercise price of \$.01 per share, an aggregate of 2,750,000 shares of Atlantic Holding's Common Stock and are only exercisable following the earlier of (a) either the 3% Notes being paid in cash or upon conversion, in whole or in part, into Atlantic Holdings Common Stock, (b) payment in full of the outstanding principal of the 11% Notes which have not been exchanged, and (c) a determination by a majority of the board of directors of Atlantic Holdings (including at least one independent director of Atlantic Holdings) that the Warrants may be exercised. An additional \$1.3 million in legal and state transfer fees were expended at the consummation of the transaction. Also on July 22, in connection with the consummation of the Consent Solicitation and Offer to Exchange, in a series of transactions, Property and GBHC, both wholly owned subsidiaries of Holdings, merged into Holdings, with Holdings as the surviving entity. All references to Holdings refer to such entity.

On July 23, 2004, the Board of Directors of Holdings authorized the filing of a request with the Securities and Exchange Commission and the American Stock Exchange to withdraw its common stock, par value \$.01 per share (the "Common Stock"), from listing and registration on the American Stock Exchange (Ticker Symbol: GBH). On July 29, 2004, Holdings filed an application to voluntarily delist its common stock from the American Stock Exchange.

(6) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	June 30,	
	2004	2003
Prepaid Federal Income Taxes	\$ -	\$ 1,359,000
Prepaid insurance	1,086,000	530,000
Prepaid slot license fee	1,101,000	1,151,000
Deferred financing costs	555,000	555,000
Other current assets	892,000	1,026,000
	<u>\$ 3,634,000</u>	<u>\$ 4,621,000</u>

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) (Unaudited)

(7) Property and Equipment

Property and equipment consisted of the following:

	June 30,	
	2004	2003
Land	\$ 54,343,000	\$ 54,343,000
Buildings and improvements	88,512,000	92,132,000
Operating equipment	71,323,000	49,925,000
Construction in progress	1,437,000	5,760,000
	215,615,000	202,160,000
Less: accumulated depreciation and amortization	(47,136,000)	(32,687,000)
Net property and equipment	\$ 168,479,000	\$ 169,473,000

(8) Investments, Advances and Receivables

Investments, advances and receivables consisted of the following:

	June 30,	
	2004	2003
Post 1983 Investment, net	\$ 7,799,000	\$ 7,196,000
NJPB - MPMI Investment, net	1,058,000	993,000
Vermont Plaza Investment, net	468,000	468,000
Other	1,757,000	1,944,000
	\$ 11,082,000	\$ 10,601,000

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

(9) Other Accrued Expenses

Other accrued expenses consisted of the following:

	June 30,	
	2004	2003
Accrued interest	\$ 3,092,000	\$ 3,092,000
Accrued wages	1,230,000	1,358,000
Accrued vacation	1,575,000	1,545,000
Major Medical - Non-union	835,000	703,000
Other accrued expenses	6,629,000	7,036,000
	<u>\$ 13,361,000</u>	<u>\$ 13,734,000</u>

(10) Other Current Liabilities

Other current liabilities consisted of the following:

	June 30,	
	2004	2003
CRDA bonds payable	\$ 618,000	\$ 597,000
Unredeemed gaming chips	596,000	460,000
Other current liabilities	1,057,000	1,261,000
	<u>\$ 2,271,000</u>	<u>\$ 2,318,000</u>

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

(11) Long-Term Debt

Long-term debt is comprised of the following:

	June 30,	
	2004	2003
Due to GB Property Funding	\$ 110,000,000	\$ 110,000,000
Due to Holdings	26,000,000	9,500,000
Total indebtedness	136,000,000	119,500,000
Less - current maturities	-	-
Total long-term debt	<u>\$ 136,000,000</u>	<u>\$ 119,500,000</u>

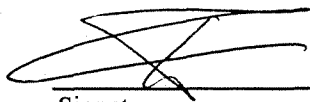
(12) Nonoperating Income (Expense) - Net

Nonoperating income (expense) – net is comprised of the following:

	June 30,	
	2004	2003
Interest Income	\$ 11,000	\$ 14,821
CRDA Interest Income	170,000	191,514
CRDA Interest Inc. - Reserve	(23,000)	(22,631)
Gain/loss Property Disposal	31,000	(3,425)
Reorganization Expense - Professional Fees	(1,838,438)	-
	<u>\$ (1,649,438)</u>	<u>\$ 180,279</u>

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Douglas S. Niethold
Vice President, Finance

Title

2892-11

License Number

On Behalf Of:

ACE Gaming, LLC

Casino Licensee